

Incentives

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- Reducing under-use and over-use of health care services through evidence-based guidelines.
- Integrating resources without waste, duplication or confusion.

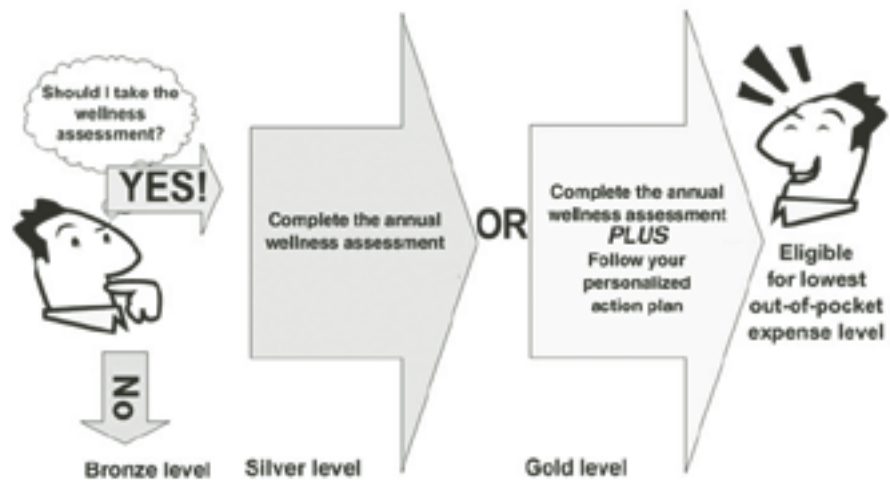
Participation in *Healthy Incentives* results in lower out of pocket costs. The amount of participation determines the expense level (bronze, silver or gold).

Employees and their spouses/domestic partners will have the opportunity to complete a wellness assessment in 2006. While participation is voluntary, employees and their adult partners who complete and follow an action plan will be eligible for the lowest out-of-pocket expense level. Employees who do not participate and take no action will qualify for the bronze level.

Health coverage and benefits are the same across all three levels.

The higher the participation in the *Healthy Incentives* program, the more likely employees and their spouses/ domestic partners will change to more healthy behaviors, and these behaviors will in turn prevent lower risk problems from becoming catastrophic. **Right now approximately 10 percent of people with chronic and catastrophic conditions account for 70 percent of claims dollars.** Managing chronic diseases is less expensive than treating a major illness. For example, a medication and supply treatment

How Healthy Incentives Works



regiment for diabetes can cost \$13,000 per year vs. \$66,000 per year for dialysis.

The success of the *Healthy Incentives* program depends on motivating 60 percent of the adult members (employees and their spouses/domestic partners) to take the annual health risk assessments. This participation is needed to ensure that at least 10 percent of “at risk” adult members adopt more healthy behaviors. A reduction in catastrophic claims, along with effective management of severe claims will create the reductions in projected trends, saving money for both the county and its employees.

Healthy Incentives is designed to keep employees’ health information secure, private, and confidential. King County will receive only information on out-of-pocket eligibility.

King County’s Health Reform model can be implemented anywhere.

For more information on the Puget Sound Health Alliance:

- Rachel Quinn, Executive Fellow (rachel.quinn@metrokc.gov or 206-296-4165)
- Margaret Stanley, Executive Director (mstanley@pugetsoundhealthalliance.org)
- Web site: www.pugetsoundhealthalliance.org
- King County Health Advisory Task Force Report: www.metrokc.gov/exec/hatf

For more information on King County’s Healthy Incentives Program:

- Caroline Whalen, Deputy County Administrative Officer (caroline.whelen@metrokc.gov, or 206-296-3820)
- Web site: www.metrokc.gov/employees/

Alternative
Formats Available

206-296-4002
TTY Relay: 711



King County

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KING COUNTY AND HEALTH REFORM:
A REGIONAL STRATEGY FOR BETTER
HEALTH AND AFFORDABLE COSTS

Using the Market to
Cut Costs, not Benefits

Employers nationwide have seen health care costs skyrocket at double-digit rates. Nationally, health spending accounts for 15 percent of the nation’s economy and is anticipated to approach 18 percent of the gross domestic product in 2012. **For King County government annual health care costs are projected to double to \$300 million by 2012.**

Most employers have responded by reducing benefits and shifting costs to workers. **Not King County.** Executive Ron Sims recognized that these conventional strategies do not address the underlying cause: **market forces are absent from our health care delivery system.** A 2004 RAND study found that the Seattle area health care system *failed to provide the recommended standard of care or improve health 41 percent of the time.* That’s because incentives are missing for providing high quality health care (**supply side**), and for employees to become better health care consumers (**demand side**).

Sims’ strategy is to use market forces to reduce waste, curb costs, and improve health outcomes.

Creating Integration
in an Open Market

The **King County Health Reform Initiative** is a bold, two-pronged strategy to address market failures on the supply and demand side of the health care delivery system, making King County a national leader in health care reform.



King County’s Health Reform Initiative

The goals are simple:

- Recapture 40 cents of every health care dollar by eliminating waste (overuse, underuse, and misuse) in the system.
- Get employees healthier.

King County’s Health Reform Initiative creates a **voluntary** integrated system in an open market. This requires change on the supply side through the **Puget Sound Health Alliance**, a regional quality collaborative; and change on the demand side through **Healthy Incentives**, a program to encourage workers to take ownership of their health.



King County

Puget Sound Health Alliance: A Regional Strategy for Better Care, Healthier People, and Affordable Costs

In 2003 King County Executive Ron Sims convened the *King County Health Advisory Task Force*, a dynamic group of providers, economists, business, labor, and government leaders to develop innovative strategies to slow escalating costs and improve the quality of health care in the Puget Sound region.

The Task Force identified the main causes of rising employee health care costs:

- A 2004 RAND study found that the Seattle area health care system failed to provide the recommended standards of care or improve health 41 percent of the time.
- Medical care varies by region. Improving quality and reducing the costs of care requires a regional solution.
- No “feedback loop” between patients and health care professionals about available cost & quality choices.

The *Health Advisory Task Force* recommended building the **Puget Sound Health Alliance** — a collaborative effort involving the region’s employers, providers, health plans, and patients to change the current market conditions by decreasing system fragmentation, and fostering higher performance.

Today the **Puget Sound Health Alliance** is a rapidly growing nonprofit organization comprised of more than 55 businesses, governments, medical providers and health plans, representing over 700,000 employees and dependents. The Alliance has the leverage and clinical expertise to align health care financing and health care delivery into a continuously improving health care system.

Participating organizations include King County, Starbucks Coffee Company, State of Washington, Washington Mutual, Boeing, REI, Virginia Mason Medical Center, The Polyclinic, UW Medicine, Group Health Cooperative, Regence BlueShield, Premera Blue Cross, Aetna, UnitedHealth and many others.



The purpose of the Alliance is to **measure, report, reward, and improve** health care in the region. Over the next year the Alliance will develop and maintain:

- A regional data repository and reporting system using uniform performance measures of quality.
- “Evidence-based” clinical guidelines for providers to give the best care in the right place, at the right time.
- Infrastructure to reward high-performing health care professionals and quality improvement.
- A regional health information technology strategy.
- Patient education and self-management tools.
- A “Consumer Report” on performance of health plans, medical groups, and providers.
- Accurate workforce data to design benefit programs that improve health outcomes and curb health care costs.

Alliance Members are committed to managing health and making health care decisions based on what has been proven to work. Alliance participants agree to measure and share health care quality data, which will be housed in an information repository containing clinical care treatment guidelines and tools for all members to use, while protecting patient confidentiality and privacy.



King County Executive Ron Sims and leaders from the health care community announce the formation of the Puget Sound Health Alliance.

Healthy Incentives: Improving Health Care, Reducing Costs through Health Education and Benefit Innovation

At the core of King County’s **Health Reform Initiative** is an innovative benefit design program for employees and their families called *Healthy Incentives*. The *Healthy Incentives* program gives incentives for employees and their spouses/domestic partners to take **ownership** of their health. *Healthy Incentives* provides support for all types of conditions across the health continuum: for making or maintaining positive healthy behaviors, practicing preventive care, managing chronic conditions, or providing care coordination for major illnesses.

The goals of *Healthy Incentives* are to:

- Improve the health of employees and their families.
- Encourage employees to make healthy life changes.
- Reduce the rate of growth of medical plan costs by 1/3 – this reduction is targeted to save \$40 million between 2007-2009.

Wellness, disease management and member/patient education are key elements of the *Healthy Incentives* strategy. Specific outcomes include:

- Enabling members/patients to take ownership of their health through: education; wellness assessments; personalized action plans; coaching and other action support tools; reinforcement of member’s/patient’s connection to their health care providers; and workplace support focusing on eating smart and moving more.
- Improving health and productivity.
- Changing health care visits from acute and episodic to proactive and planned.

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Executive Sims signs the MOA, creating King County’s *Healthy Incentives Benefit* program, in the presence of (from left) Dustin Frederick (Business Manager, Local 519 SEIU); Whitney Hupf (Staff Representative, Local 17, IFPTE); Randy Weaver (Vice-President, King County Corrections Guild); Bill Dennis (Staff Representative, WSCCCE Council 2); and Betty Sorbo (Business Representative, Teamsters Local 117).

